

South Carolina Retirement Systems



Leaving Covered Employment

Suggested termination packet

- **Appropriate application**
 - Disability application, or;
 - Refund application
- **SCRS or PORS Member Handbook**
 - Outlines how to apply for a refund and a deferred annuity



Refund vs. deferred annuity

- A member must terminate all covered employment to receive a refund or a deferred annuity.
- Employers should inform any member who is terminating employment and seeking a refund of contributions of the member's option to leave funds on deposit and later apply for retirement (if eligible).
- It is the member's responsibility to contact the Retirement Systems and file an application prior to retirement.
- Employers should remind any member leaving funds on deposit to keep his address and beneficiaries current with the Retirement Systems.



Account options following termination

- A member can:
 - Leave funds on deposit and accrue interest.
 - Receive a refund of the member's contributions plus interest.



Refund option

- **Minimum 90-day waiting period from the date of termination.**
- **Although employers contribute an amount on behalf of their employees, an employer's contribution is not placed into individual member accounts.**
- **Members will not receive the employer contribution with a refund.**



Multiple accounts

- A member must terminate from all covered employment before requesting a refund.
- A member cannot withdraw funds from an inactive SCRS account if actively participating in State ORP. (*Does not apply to inactive PORS accounts.*)



Refund payment options

- Lump-sum payment
- Direct rollover
- Partial rollover



Leaving funds on deposit

- A member can decide to leave his funds on deposit for as long as he wishes; however, a distribution must occur no later than April 1 of the calendar year in which he attains age 70½ or in which he retires, if later.



Taxes on a lump-sum payment

- Account may contain both pre-tax and after-tax contributions. After-tax contributions may have resulted from contributions made on or before June 30, 1982, or service purchases.
- Payments made directly to a member are subject to 20 percent federal tax withholding before the check to the member is prepared.
- A member may also be subject to state income tax withholding to be paid when the member files taxes for the year.



Consequence of taking a refund

- When a member receives a refund, all of the service credit in the account is also withdrawn.
- This is a key point to consider for members who have five or more years of service credit because they forfeit their rights to any future service or disability retirement annuities.



How to apply for a refund

- ***Refund Request*** (**Form 4101**)
 - Form must be notarized
 - Send completed form to the Retirement Systems with a copy of the member's driver's license or state-issued identification card.
- When Retirement Systems receives Form **4101**, a ***Certification of Final Retirement Deductions*** (Form **4201**) will be mailed to the employer for completion.



Refund request after a disability retirement claim denial

- Member must send a signed written statement along with the *Refund Request* (Form 4101) refusing his right to appeal the disability retirement claim denial.



Summary quiz

- When does the 90-day waiting period begin for refunds?
- Can a member who is actively participating in State ORP take a refund of his or her inactive SCRS account?



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This presentation is meant to serve as a guide but does not constitute a binding representation of the South Carolina Retirement Systems. The statutes governing the South Carolina Retirement Systems are found in Title 9 of the South Carolina Code of Laws, and should there be any conflict between this presentation and the statutes or Retirement Systems' policies, the statutes and policies will prevail.

Employers covered by the South Carolina Retirement Systems are not agents of the Retirement Systems.



Questions

